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October 20, 2015

## State Tax Panel

c/o Mary E. Finnegan, State Tax Panel Administrator  
State Capitol Building, Room 501  
Hartford, CT 06106

Dear State Panel Membership:

I am writing on behalf of the sixteen member-towns of the Northeastern Connecticut Council of Governments in support of the statement made by the Town of Voluntown at your September 15, 2015, public hearing. Specifically, we want to express our support for Voluntown's First Selectman Robert Sirpenski's testimony that: *"During the past Legislative session, PILOT reform was addressed and legislative changes were passed that benefit large municipalities. There was no reform for the small rural towns like Voluntown. Despite passing new legislation, the economic unfairness that the PILOT program has imposed on the Town of Voluntown for the past twenty years continues with adverse economic impact on the residents of Voluntown."* Within our region we have multiple towns where the State is a large landowner. Towns such as Eastford, Chaplin, Union, Sterling and Hampton each have significant state-owned lands. These are also towns with very listed tax bases.

Most of these State-owned lands are in the form of forestland. The State has elected to use the so-called "490" value for these lands using timber value use as the basis for the 490 value. The 490 program was established in 1963 with the following declaration of policy:

*It is hereby declared (1) that it is in the public interest to encourage the preservation of farm land, forest land, open space land and maritime heritage land in order to maintain a readily available source of food and farm products close to the metropolitan areas of the state, to conserve the state's natural resources and to provide for the welfare and happiness of the inhabitants of the state, (2) that it is in the public interest to prevent the forced conversion of farm land, forest land, open space land and maritime heritage land to more intensive uses as the result of economic pressures caused by the assessment thereof for purposes of property taxation at values incompatible with their preservation as such farm land, forest land, open space land and maritime heritage land, and (3) that the necessity in the public interest of the enactment of the provisions of sections 12-107b to 12-107e, inclusive, 12-107g and 12-504f is a matter of legislative determination. (Sec. 12-107a) emphasis added*

Similar to most other states, 490 is a "use-value assessment" statute whereby the actual use is the assessment rather than a properties market value. The intent is to provide individual property owners - not the State - with an incentive not to develop their properties due to the higher property tax if they were taxed on the same basis as most properties. The use of the 490 value by the state only benefits the State

from having to properly compensate towns in which their properties are located - it does nothing to further the statutory intent of 490 to "prevent the forced conversion" of such property to a more intensive use. As Mr. Sirpenski properly states in his testimony: *"The Pachaug State Forest is the largest of Connecticut's forests and is promoted as an outdoor recreational area. The State markets and promotes this land as such on its websites and realizes revenue from the sale of hunting and fishing activities and camping fees. The Town, however, realizes no economic benefit but instead bears the burden that forest generates in terms of providing emergency services to the thousands of visitors who use the forest lands for outdoor recreation."* (emphasis added) The same could be said for any other forest area in Connecticut - most of which are located in small/rural towns. We fully concur with the people of Voluntown that State forestland should not be valued for PILOT based on a private holder of 490 forestland. Rather, such properties should have a PILOT payment based on an outdoor recreation value.

Voluntown is unique given the significant State holdings of forestland - 66% of the town. Their request is simply a matter of fairness. We additionally urge that your panel consider extending that same consideration to other towns in our state that contain our publicly owned forest resources.

Thank you for your consideration.

Very Truly Yours,



Russell Gray  
NECCOG Chair

cc: Governor Dannel P. Malloy  
NECCOG Member Towns  
NECCOG Legislators  
Connecticut Conference of Municipalities Chair  
Connecticut Council of Small Towns Chair